

# TAX FACTS

Information for Washington State's Business Community

## Fall UBI Business Information Workshops coming soon



There's a lot of information available to business owners about state laws and regulations. To get this information, come to one of the free Business Information Workshops in October and November. The Departments of Revenue, Licensing, Labor and Industries, and Employment Security jointly sponsor these popular workshops.

Representatives will discuss the laws administered by these agencies that relate to your business activities. In addition, representatives from the Department of Ecology, Business Assistance Center, Department of Social and Health Services Support Enforcement Division, and Internal Revenue Service will be present.

To register for the workshop nearest you, call the Department of Revenue at 1-800-647-7706 (TTY users please call 1-800-451-7985). Reservations will be taken starting October 1. Traditionally, many people make reservations and do not attend the workshops. Consequently, we do not limit the number signing up and seating will be on a first-come, first-seated basis. When you register for a

workshop, the automated telephone system will provide directions to the workshop location. *Interpreters for sight and hearing impaired persons are available upon request. To arrange for this service, or if you have special facility needs, please call (360) 664-1400 at least two weeks prior to the date of the workshop.* ▲

### Agenda

Time	Activity
7:30 – 8:00	Check-In
8:00 – 8:05	Introduction
8:05 – 8:55	Dept. of Licensing
9:00 – 9:30	Dept. of Social and Health Services/ Div. Of Child Support
9:30 – 9:40	Break
9:40 – 11:00	Dept. of Labor and Industries
11:00 – 11:10	Break
11:10 – 12:30	Employment Security Dept.
12:30 – 1:30	Lunch
1:30 – 2:15	Internal Revenue Service
2:20 – 3:45	Dept. of Revenue
3:50 – 4:00	Closing Comments

### Fall 2000 Workshop Schedule

Date	Location	Address
Oct. 17	Walla Walla	Community Center Downtown Barrett Bldg., Ste 214 13 ½ E. Main
Oct. 18	Yakima	Educational Service District 105 Conference Center Yakima Room 33 S 2 <sup>nd</sup> Ave.
Oct. 19	Wenatchee	Red Lion Inn 1225 N. Wenatchee Ave.
Oct. 27	Tumwater	Dept. of Labor and Industries 7273 Linderson Way S.W.
Nov. 1	Mount Vernon	Skagit Public Utility District 1415 Freeway Dr.
Nov. 2	Bellevue	Bellevue Community College Room 1 14844 SE 22 <sup>nd</sup>
Nov. 8	Aberdeen	Department of Social and Health Services 415 W Wishkaw

## ETAs/PTBs adopted/repealed

The Department issues Excise Tax Advisories (ETAs) and Property Tax Bulletins (PTBs) to quickly advise businesses of changes in tax application that occur as a result of court rulings, legislative, or business changes.

The table on page two identifies ETAs that the Department has recently issued or repealed. Complete information concerning the adoption and repeal of these ETAs is available on the Department's web site at: <http://dor.wa.gov/eta/etatoc2000.htm>. Current ETAs are available at <http://dor.wa.gov/eta/eta.htm>. Information about the cancellation and adoption of PTBs is available at: <http://dor.wa.gov/menu/pub/pta.htm>. ▲

## Special notices

Special notices advise about changes to various tax laws and provide information on other subjects. The following special notices have been published since the June 2000 issue of *Tax Facts*:

**PAGING SERVICES SUBJECT TO RETAIL SALES TAX** advises that as a result of a recent Washington State Supreme Court decision, paging services are included within the definition of a retail sale. Persons providing such services must collect retail sales tax from their customers and are subject to B&O tax under the retailing classification. Issued June 2, 2000. (*Fast Fax* code 787.)

**PETROLEUM PRODUCTS TAX EXTENDED TO JUNE 1, 2007**, explains that imposition of the petroleum products tax, previously scheduled to expire June 26, 2000, has been extended as a result of recent legislative action. Issued June 9, 2000. (*Fast Fax* code 786.)

**IMPORTANT INFORMATION ON REPORTING THE STATE ENHANCED 911 TAX** explains that effective July 1, 2000, persons subject to State Enhanced 911 (E-911) Tax will report the tax on page two of the Combined Excise Tax Return. As of July 1, 2000, persons subject to the tax will no longer receive a separate return for reporting and remitting the tax. Issued May 23, 2000.

The Department mails special notices to affected individuals, groups, and businesses. If you did not receive a notice and wish to, call 1-800-647-7706. Special notices are also available via the Department's Internet web site, <http://dor.wa.gov/menu/pub/sn2000.htm>. ▲



**Want to learn  
more about  
Electronic Filing?**

**Call  
1-877-FILE-ELF**  
(1-877-345-3353)

to schedule a free, informative  
ELF presentation for your  
organization or association.

ETA Actions		
Number	Title	Date/Action
2002.16.179	Low-Density Light and Power Utility Deduction	6/13/2000 <i>Adoption</i>
025.04.136	Manufacturing and What Constitutes Taxable Activity	6/17/2000 <i>Repeal</i>
029.04.136	Cooking Crabs as Manufacturing Within the State	6/17/2000 <i>Repeal</i>
075.04.136	Mixing of Ingredients as "Manufacturing"	6/17/2000 <i>Repeal</i>
081.04.136	Manufacturing Where Plant and Materials Used are Owned by Another	6/17/2000 <i>Repeal</i>
085.08.107	Engineering Services in Connection with Design of Machinery for Sale	6/30/2000 <i>Repeal</i>
087.04.136	Labor Costs Paid by Another Corporation	6/30/2000 <i>Repeal</i>
172.04.136	Staining of Lumber Constitutes Manufacturing	6/17/2000 <i>Repeal</i>
185.04.200	Lease Based on a Percentage of Gross Proceeds	6/30/2000 <i>Repeal</i>
192.03.189	Agricultural Organizations Working with Governmental Units Subject to Tax	6/30/2000 <i>Repeal</i>
218.08.113	Chemicals Used in Processing to Remove Gases from Steel Furnaces	6/30/2000 <i>Repeal</i>
241.04.136	Cherry Processing which Includes Brine Curing, Washing, Pitting, Sizing, and Sorting	6/17/2000 <i>Repeal</i>
245.04.162	Investment Income of a Brokerage Business	6/30/2000 <i>Repeal</i>
249.04.162	Interstate Sales and Consignor as Agent of Seller	6/30/2000 <i>Repeal</i>
257.16.182	Insurance Charges by Public Grain Warehouses	6/30/2000 <i>Repeal</i>
275.08.170	Deeding of Land to Contractor Building House for Landowner	6/30/2000 <i>Repeal</i>
366.04.171	Road Construction Under Federal Timber Purchase Agreements	6/30/2000 <i>Repeal</i>
398.04.136	Combining Items to Achieve a Special Purpose Product is Manufacturing	6/17/2000 <i>Repeal</i>
401.04.135	Oyster String Production	6/17/2000 <i>Repeal</i>
436.04.170	Construction on Land Owned by Contractor's Principal Stockholder	6/30/2000 <i>Repeal</i>
449.12.170	Turnkey Projects Sold to Housing Authorities	6/30/2000 <i>Repeal</i>
451.04.99.1	Corporate Distribution of Stock Dividends	6/30/2000 <i>Repeal</i>
465.04.136	Shearing Steel Sheets & Slitting Steel Coils as Manufacturing	6/17/2000 <i>Repeal</i>
466.04.136	Assembly of Fruit Bins as Manufacturing	6/17/2000 <i>Repeal</i>
469.04.136	Rerolling Paper Rolls, Cutting Paper into Specific Lengths, Embossing, Folding, and Packaging as Manufacturing	6/17/2000 <i>Repeal</i>
474.04.136	Taxability of the Manufacture of "Refinery Gas"	6/30/2000 <i>Repeal</i>
499.12.170/178	Tax Liability on Materials Purchased by Contractors in Idaho for Use in Washington	6/30/2000 <i>Repeal</i>

## Public List of Delinquent Taxpayers

**A** *Public List of Delinquent Taxpayers* is now available on the Department of Revenue's Internet web site. The result of increased requests from individuals asking for information about businesses that are not paying their full share of state taxes; the list is another step in the

---

*The list is another step in the Department's efforts to increase the level of voluntary compliance.*

---

Department's efforts to increase the level of voluntary compliance. The list, segregated by eastern and western Washington, identifies the business owner's name, tax registration/UBI number, the face amount of the tax warrant, the date the tax warrant was filed, the

county in which it was filed, and whether the business license was revoked. A disclaimer on the site provides full information about what is shown on the list.

Any of the account information identified may be used to sort and search the list. After an individual account is selected, the public information available for that account appears automatically from the Department's state business records database.

The face amount of the warrant is the amount of the original filing. Payments or adjustments that may have been made are not subtracted nor is interest reflected. While RCW 82.32.330(3)(d) permits the Department to disclose filed tax warrant information, it does not authorize disclosure of this additional information.

Updated monthly, the list is currently limited to the top delinquent accounts. To read the names of taxpayers with large outstanding tax debts, visit the Department's web site at <http://dor.wa.gov>.

Under the Home Page "Highlights," select the bullet referring to "Delinquent Taxpayers" where you will be linked to the Public List of Delinquent Taxpayers. You may also use the Miscellaneous hotbutton and then select "Delinquent Taxpayers." ▲

---

*Updated monthly, the list is currently limited to the top delinquent accounts.*

---



## Rule changes



**T**he Department of Revenue is responsible for administering most of the tax laws enacted by the Washington State Legislature. As a part of the responsibility, the Department publishes rules to assist taxpayers in accurately reporting their tax liability. To reflect changes in tax law and industry practices, these rules, Washington Administrative Code (WAC), often require revising through the rule-making procedure.

The following administrative rules have been adopted or repealed since the June 2000 issue of *Tax Facts*:

### Adoption

- |   |  |
|---|--|
| <b>WAC 458-20-135</b><br>( <i>Fast Fax</i> code 2135)     | <b>Extracting natural products.</b> (Excise tax rule.) <i>Effective June 17, 2000.</i>   |
| <b>WAC 458-20-136</b><br>( <i>Fast Fax</i> code 2136)     | <b>Manufacturing, processing for hire, fabricating.</b> (Excise tax rule.) <i>Effective June 17, 2000.</i>   |
| <b>WAC 458-20-13601</b><br>( <i>Fast Fax</i> code 213601) | <b>Manufacturers and processors for hire—Sales and use tax exemption for manufacturing machinery and equipment.</b> (Excise tax rule.) <i>Effective June 17, 2000.</i> |
| <b>WAC 458-20-195</b><br>( <i>Fast Fax</i> code 2195)     | <b>Taxes, deductibility.</b> (Excise tax rule.) <i>Effective July 21, 2000.</i>  |
| <b>WAC 458-20-217</b><br>( <i>Fast Fax</i> code 2217)     | <b>Lien for taxes.</b> (Excise tax rule.) <i>Effective July 1, 2000.</i>   |
| <b>WAC 458-20-261</b><br>( <i>Fast Fax</i> code 2261)     | <b>Exemptions and credits for ride sharing, public transportation, and nonmotorized commuting.</b> (Excise tax rule.) <i>Effective June 17, 2000.</i>                  |
| <b>WAC 458-40-660</b><br>( <i>Fast Fax</i> code 3660)     | <b>Timber excise tax—Stumpage value tables—Stumpage value adjustments.</b> (Forest tax rule.) <i>Effective July 1, 2000.</i>   |

Newly adopted rules are available on the Department's Internet site at <http://dor.wa.gov/rulesadmin/drafrules/main.htm>. You may also use the Department's automated telephone system, 1-800-647-7706, to ask that a copy be faxed or mailed to you. ▲

## Pilot mediation program

The Department of Revenue believes mediation can provide taxpayers and the Department with a cost-effective, flexible, and faster way to resolve tax disputes to everyone's satisfaction. Mediation is assisted negotiation. The mediator's role is to help the parties communicate with each other in cases where there is impasse. Mediation is a voluntary process in which an impartial, neutral person helps the parties negotiate an acceptable solution. The Department is conducting a pilot mediation program.

Although some aspects of mediation and the Department's existing Taxpayer Rights Advocate program are similar, each serves a different purpose. The

advocate helps taxpayers to better understand their rights and responsibilities. When disputes cannot be resolved through routine channels, the advocate assists taxpayers in understanding the processes and procedures available to resolve the dispute. The advocate also seeks to determine the causes for complaints and disputes in order to make changes so similar problems do not arise. The advocate does not reduce taxes or change the application of the law.

The Department's pilot mediation program mediates tax disputes arising from or during audits/examinations. It offers an additional avenue for resolving differences of opinion concerning facts or issues of whether documents satisfy questions of tax liability. This gives the parties the opportunity to renew discussions early in the dispute and try to create a satisfactory solution without further expense or intervention, such as an appeal. Some mediated negotiations may involve a settlement of amounts due; however, as with Advocate cases, the parties cannot negotiate a change in the application of the law.

Under the pilot program, either party may propose mediation by contacting the mediation coordinator to discuss whether the case is suitable. The coordinator decides whether a case is suitable for mediation after discussions with the parties. Various factors guide the coordinator in accepting a case for mediation. The mediation coordinator's decision is final. If the case is not accepted for mediation, the taxpayer may proceed with the avenues of appeal described in WAC 458-20-100 ("Appeals").

Mediation is strictly voluntary and without charge. If the case is resolved, the taxpayer and the Department will draft a settlement and agree to abide by it. If no settlement occurs, the case is returned to its pre-mediation status, and the taxpayer may pursue the appropriate avenue(s) of appeal. Discussions with the mediator are confidential and are not

shared if the case does not settle and requires further appeals.

The pilot program uses a standard mediation model. The procedures governing each mediation may vary slightly, depending upon the circumstances of the case and the complexity of issues. In all cases, the parties are *required* to send to the mediation all persons necessary to reach an agreement and who possess the authority to bind the party.

As a result, parties must consider well in advance of the mediation who can best represent them. Sessions begin with opening remarks by the parties, who outline their

perceptions about the situation and its history, the issues to be discussed, and their substantive positions. A combination of joint meetings and meetings between the mediator and one side at a time (caucuses) may follow until agreement is reached or further efforts appear futile. Settlement agreements resulting from mediation are presented to the Director of the Department of Revenue in connection with dismissal or closure of the case. To the extent an agreement does not violate state law, dismissal or closure will occur.

To obtain additional information about the Department's pilot mediation program, contact the Telephone Information Center at 1-800-647-7706 or the mediation coordinator at (206) 956-3148. ▲

## Estate tax penalty laws change

Recent legislation affects the way estates are penalized for late filing of the Washington Estate tax return. House Bill (HB) 2515 (Chapter 105, Laws of 2000) revises RCW 83.100.070, pertaining to imposition of the Estate Tax penalty for late filing. This legislation provides that the late filing penalty applies only if the person required to file the federal return has not timely filed the state return before receiving written notification of the necessity to do so. The revised law also limits the maximum late filing penalty to the lesser of 25 percent of the tax or \$1,500. This law affects estates with a July 1, 2000, due date or later. For further information, call (360) 753-7518 or (360) 753-5547. ▲

*To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 753-3217.*

*Teletype (TTY) users please call 1-800-451-7985.*



Printed on recycled paper

Prepared by the Taxpayer Services Division  
N0004 9/00